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What are China's Interests in Papua New Guinea?

By Professor James Chin

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In the past decade, China has emerged as Australia's biggest competitor for influence in both Papua New Guinea (PNG) and Fiji. The Chinese see both nations as the most important in the South Pacific to influence, perceiving them as the main thought-leaders for the South Pacific Forum and the Melanesian Spearhead Group (MSG).

On the ground, the two leading groups trying to influence PNG are staff at the Chinese Embassy and members of Chinese state-owned enterprises (SOEs) that operate in country. Beijing sees SOEs as an extension of the state apparatus under its hindrance to its moves to gain influence in PNG. This is especially true in recent years, with Beijing accusing Australia of "anti-China" hysteria and of promoting "anti-China" sentiments worldwide. Beijing is especially unhappy with Australia constantly telling the PNG political class that Beijing cannot be trusted, and Australia's increased aid to PNG is seen as a countermeasure to stop PNG from getting close to China. China is also unhappy that Australia claims PNG as "our patch." Meanwhile, they see the US and New Zealand as supporting Australia's endeavours in PNG.

Second, Beijing also looks to bring PNG under its orbit, especially in the economic arena. PNG has vast untapped mineral resources, many of which are required by China in the long term. In recent years, Chinese firms have played a major role in the non-oil/gas sectors. Third, China sees PNG as a diplomatic prize, given that it is the largest and most influential Melanesian country, and can indirectly influence the rest of the South Pacific. In fact, China sees the entire South Pacific as a low-risk, high-yield opportunity in terms of diplomatic votes in the international arena. It costs very little for China to "buy" support via aid program and trade since all Pacific countries are small economies by Beijing's standards.

Fourth, Chinese leaders seek to block Taiwan's interests in PNG. This has been a long-term goal. In the 1990s, Port Moresby contemplated changing its diplomatic recognition from Beijing to Taipei in return for economic aid and via direct bribes to senior PNG politicians. In 1999, a serious attempt was made by then prime minister Bill Skate to switch to Taipei diplomatically. It was reversed quickly by Sir Mekere Morauta, Skate's successor. In 2008, Taiwan spent close to US$30 million trying to lure PNG into recognising Taipei. When this was exposed, Taiwan's foreign minister, James Huang, Deputy Premier Chiou I-jen, and Vice Défense Minister Ko Cheng-heng were forced to resign. The money was never recovered. In both these attempts, Taiwanese businessmen and PNG fixers were involved and large amounts of money were paid in bribes.

Taiwan has maintained an active trade office in Port Moresby since the 1980s and, for many years, the Taiwan representative and the Chinese Embassy have been involved in childish diplomatic games. For example, on the "double ten" (October 10), both the Taiwanese and the Chinese Embassy will hold formal gatherings, forcing members of the PNG establishment and the diplomatic community to "choose" which reception to attend. China knows that PNG can, at any time, turn towards Taipei if a desperate situation arises, or if another leader like Bill Skate comes along and can be easily bought.

Fifth, China will want to make sure that the soon-to-be independent Bougainville is China-friendly. The strong push to ensure that Bougainville is on China's side is also linked to the fear that if China does not take an active role, Taiwan may step in and gain diplomatic recognition.

Sixth, for security and military interests, China wants to replicate the US model of having a chain of military bases around the world and PNG offers plenty of opportunity due to its strategic location. PNG lies just north of Australia, and the strategic planners in Beijing see Australia as part of the Western bloc that is inherently hostile towards the rise of China. Over the long term, if China can secure PNG, then PNG can act as a natural buffer to any Australian/US military operations in the South Pacific. Australia (and the US) already have access to the Lombrum base on Manus Island and Australia maintains intelligence listening posts in PNG. China is keen to sign some sort of security pact that will reduce the intelligence and strategic capabilities of Australia and the US there.

In 2022, the Solomon Islands signed a security agreement with China, and in September 2023, China approached Port Moresby with an offer for a security deal to help PNG's internal policing. This has not been formally signed after pressure by Australia, US, and NZ, but the implications of China's ongoing influence in PNG and the prospect of obtaining further security agreements with PNG and Pacific island nations are significant.

And finally, China seeks the ongoing implementation of the Belt and Road Initiative (BRI). Although the original BRI did not include the South Pacific, this was quickly changed, and China is signing up nations from the South Pacific for Xi Jinping's

include the South Pacific, this was quickly changed, and China is signing up nations from the South Pacific for Xi Jinping's signature policy. Peter O'Neill signed on in Beijing in 2018, officially making PNG the second Pacific nation to join after East Timor. Thus far, ten South Pacific nations have joined onto the BRI, much to the discomfort of Australia. Canberra's consistent narrative to small Pacific states is that the BRI can lead to a "debt trap."

Will China succeed in PNG? My guess is that, over the long term, PNG will probably move politically closer to China but remain culturally with Australia. The reason is that many of these elites send their children to Australian schools, and those with disposable wealth almost always buy real estate in Queensland, and place their family members there. The trend in PNG is consistent with global trends where the rapid rise of China has totally changed the environment that is familiar to the West. Australia and the West can expect to be challenged not only on the world stage but also in many individual developing countries such as PNG.

James Chin is Professor of Asian Studies, University of Tasmania. A longer version of this paper can be found in "The rise and rise of China: Contemporary Chinese community in PNG (2010–2020)" (doi.org/10.22459/CPNG.2024.04)

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